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**FISCAL IMPACT STATEMENT**

**LS 7307**

**BILL NUMBER:** HB 1340

**NOTE PREPARED:** Jan 13, 2004

**BILL AMENDED:**

**SUBJECT:** School capital improvement partnership.

**FIRST AUTHOR:** Rep. Porter

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State&Local

**Summary of Legislation:** This bill establishes a School Capital Improvement Partnership Board in Marion County to construct or improve school buildings and facilities. It authorizes the board to: (1) issue bonds; (2) impose either a sales tax or an income tax; and (3) levy a property tax, if necessary, to pay debt service on bonds.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** The Department of State Revenue (DOR) and the State Budget Agency (SBA) might incur some additional expense if the School Capital Improvement Partnership Board adopts the income tax or sales tax option to pay bonds. The additional expense for either agency could probably be covered under their existing appropriations. The bill requires the DOR, after reviewing the recommendation of the SBA, to certify the amount of the school capital alternative tax that the county will receive in a calendar year.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill creates the School Capital Improvement Partnership Board for counties containing a consolidate city. The Board may design, finance, construct, and equip a school capital project. The Board would be made up of 15 members, one appointed by each school corporation, 2 by the mayor, and 2 by then majority leader of the legislative body of the county. Members of the Board are not eligible for per diem or traveling expenses. The initial meeting of the Board shall not be held later than September 15, 2004.

The Board may do the following:

1. Design, construct, reconstruct, repair, remodels, enlarge, extend, or add to any school improvement presented to the Board.
2. Receive excise taxes, income taxes, sales taxes and property taxes and expend money for operating expenses, payments of principal or interest on bonds or notes, and all or part of a school capital improvement.
3. Accept gifts or contributions from individuals, corporations, and others; accept funds loans, or advances necessary from the United States, state, any political subdivision.
4. Retain the services of architects, engineers, accountants, attorneys, and consultants and hire employees.
5. Make and enter into contract and agreements necessary to the performance of the Board's duties.
6. Sue and be sued.
7. Prepare and publish materials and literature relating to any school capital improvement.
8. Enter into leases of school capital improvements.
9. Exercise any other power granted to a school corporation in the county in conjunction with the design, financing, construction, repair, remodeling, renovation, or enlargement of a school capital improvement.

A school corporation can submit a capital improvement to the Board. The school has to provide:

1. An analysis of the needs to be met by the project.
2. A detailed description of the proposed project.
3. The school formal recommendation on the project.
4. A statement of the projected construction and design costs of the project.

A school capital improvement may be financed in whole or part by the issuance of bonds payable solely from money in the school capital improvement fund or any other funds available. Bonds issued under this chapter are not subject to the petition and remonstrance process.

The operating costs of the Board are unknown and would depend on the number of employees hired and the number of school improvement projects undertaken. The initial expenditures would be small but would grow as more projects were approved. As a reference point, the debt service levies for Marion county schools was about \$98.7 M for CY 2003.

**Explanation of Local Revenues:** The School Capital Improvement Partnership Board is authorized to impose a school capital alternative tax in the form of either a 1% sales tax or a 0.5% income tax for the county. If the sales tax or the income tax are insufficient to make the required bond payments then the Board may levy the additional funds required in the form of a property tax levy. Currently Marion county is the only county containing a consolidated city.

The school capital alternative tax would take effect January 1 of the year following the adoption of the resolution establishing the tax. The tax may not be rescinded if the revenue has been pledged for the payment of bonds issued under this chapter.

In anticipation of funds to be received, the Board may borrow money and issue notes for a term not exceeding 10 years and at a rate of interest determined by the Board. The notes may be secured by the proceeds of the school capital alternative tax or any other funds anticipated to be received.

It is projected that a 0.5% income tax would raise about \$79 M in Marion County and a 1% sales tax would

raise between \$130 M to \$160 M in CY 2005.

**State Agencies Affected:** Department of State Revenue and State Budget Agency.

**Local Agencies Affected:** School Capital Improvement Partnership Board.

**Information Sources:** Department of State Revenue.

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